

# City of Cincinnati



Department of Finance

Suite 250, City Hall  
801 Plum Street  
Cincinnati, Ohio 45202  
Phone (513) 352-3731  
Fax (513) 352-2370

Joe Gray  
*Director*

March 12, 2008

Actuarial Services Provider

Re: Independent Pension and Post-Retirement Benefit Actuarial Review for the Cincinnati Retirement System

Dear Actuarial Services Provider:

On November 15, 2007 the City Council established a task force to make recommendations to City Council to insure the long-term solvency of the Cincinnati Retirement System (CRS). The Task Force is to examine the actuarial assumptions underlying projections of the financial condition of the CRS, the impact of current and future retiree health care benefits on the CRS, and the impact of any changes in health care benefits on the solvency of the CRS.

By June 1, 2008, the Task Force must recommend to the Mayor and the City Council the following:

1. Any administrative and procedural changes that would reduce costs, including opening to bid provision of health care coverage.
2. Any changes in contribution rates, actuarial assumptions, benefit calculations that should be instituted to insure the solvency of the CRS.
3. Any reforms that would protect the City of Cincinnati's General Fund from continuously increasing contribution requirements.
4. The Task Force should examine all possible improvements and changes that would reduce the long-term liabilities of the taxpayers of Cincinnati.
5. Any recommendations should recognize the needs of individuals who retired due to disability, and whose service retirement was not calculated under 2.2%/2.5% upon reaching age 65.

In addition, the Task Force is charged with hiring an actuary independent of Mercer, the CRS actuary.

Unfortunately, the schedule does not allow for a full-blown RFP process. Therefore, this letter is sent to you and other actuarial service providers to elicit your interest in the

project. If interested, the Task Force would like for you to provide estimated fees associated with the project and a timeline for completion. To be considered for the project, your response must be received by the contact- hard copy or electronically- by 5:00 pm, Friday, March 21, 2008.

**Contact information:**

John K. Boudinot, D.B.A.

Executive Director of the CRS

513-352-6296

[John.Boudinot@cincinnati-oh.gov](mailto:John.Boudinot@cincinnati-oh.gov)

801 Plum St., Suite 240

Cincinnati, OH 45202

The following is a summary of the actuarial requirements for the project. Additional actuarial services may be requested. Fees for additional services will be negotiated with the actuarial service provider selected by the Task Force.

**Proposed Requirements for Limited Scope Actuarial Review**

- Provide an actuarial opinion and general accuracy of the following items previously determined by the CRS' actuary- Mercer Consulting
  - Estimate a reasonable range for the liabilities for both retirement and medical benefits based on data summary, plan provisions and actuarial assumptions described in the December 31, 2006 valuation report;
  - Estimate a reasonable range for the contributions to the plan for 2007, 2008;
  - Estimate a reasonable range for the change in liabilities for the medical plan under 3 suggested scenarios;
  - Review the actuarial assumptions for reasonableness for both retirement and medical liabilities;
  - Estimate a reasonable range for the change in assets and liabilities due to the change in investment return assumption from 8.75% gross of fees to 8.00% net of fees, effective December 31, 2006
  - Provide a written report summarizing the findings;
  - Provide advice regarding current benefits and potential changes to benefits to enhance future funding levels and lower employer required contributions;
  - Provide responses to all of the 5 questions applicable to actuarial valuations listed above upon which the Task Force must respond;
  - Provide both a retirement actuary and a health actuary to attend a Task Force meetings to answer questions about the results.
- Due to time and cost considerations, the selected actuarial service provider will not be required to request complete census data on the individual plan participants and will not be required to program its liability system for every individual

assumption. The actuarial calculations are expected to result in a range of reasonableness within which the liabilities might fall not precise liabilities.

- The actuary may be asked to attend Task Force meetings in addition to the above referenced meeting as needed. Please provide estimated fee per meeting.

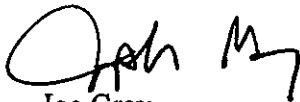
Please return a letter of interest, proposed timeline for completion, and a brief proposal with estimated fees by 5:00 pm March 21, 2008 to the contact. Please call contact with questions.

The following electronic documents are attached:

December 31, 2006 CRS actuarial valuation  
Financial data regarding 3 health care scenarios

Thank you for your help with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Gray", with a stylized flourish at the end.

Joe Gray  
Finance Director